

1997 SMALL BUSINESS PROFILE

SMALL BUSINESS: BACKBONE OF THE NEW YORK ECONOMY

The importance of small business to the state of New York is evident in the 1997 Small Business Profile. The findings reported in this year's profile, compiled by the U.S. Small Business Administration's (SBA) Office of Advocacy, clearly indicate the crucial role small businesses play in the state's economy. Not only do small businesses play a vital role as job creators, but their diversity and composition provide the work force with endless opportunities.

Number of Businesses - In 1996, New York had 445,277 businesses with employees; 99.1 percent of the businesses were small businesses (percent based on 1994 data for independent businesses with fewer than 500 workers). In addition to the number of employer businesses, the state also had 464,000 self-employed persons in 1996, for an estimated total of 909,277 businesses.

Small Business Income - The income of sole proprietors and partners rose 3.6 percent to \$39.8 billion in 1996, while wage-and-salary income rose 4.7 percent. Total personal income rose 4.6 percent to \$339.1 billion. The state also exported \$ 45.0 billion of goods in 1996.

Minority Businesses - According to The National Foundation for Women Business Owners, as of 1996, there were 527,400 women-owned businesses in New York, including part-time firms, employing 1,365,200 people and generating \$205.6 billion in sales. Between 1987-1996, the number of women-owned businesses, increased 70.2 percent.

According to the latest Bureau of the Census data, the number of Black-owned firms, including part-time firms, increased 41.4 percent from 1987 to 1992, totaling 51,312 in 1992. The number of Hispanic-owned firms, including part-time businesses, rose 79.1 percent during the same time period with 50,601 firms in 1992. There has also been a marked increase in the number of businesses owned by Asian and Pacific Islanders, American Indians, and Alaskan Natives. The number for this group grew from 36,257 in 1987, to 63,053 in 1992, representing a 73.9 percent increase.

Business Turnover - The number of new firms increased 3.9 percent, while new business incorporations increased 2.0 percent in 1996. Financial difficulties leading to business bankruptcies decreased by 3.3 percent and business failures decreased by 2.5 percent during 1996.

Finance - An SBA Office of Advocacy study found that the number of banks in New York decreased from 171 in 1994 to 164 in 1996. The study also found the top lenders to small businesses in fiscal year 1996 were:

Bank Name	Location
CHAMPLAIN NB	Elizabethtown
SOLVAY BK	Solvay
WYOMING CTY BK	Warsaw
FIRST NB	Cortland
NATIONAL BANK	Geneva
ADIRONDACK TC	Saratoga Springs
ADIRONDACK BK NA	Saranac Lake
FIRST NB	Jeffersonville
ELLENVILLE NB	Ellenville
FIRST NB OF THE HUDSON VALLE	Poughkeepsie
COMMUNITY BK NA	Canton
KEY BK OF NY	Albany

Job Growth - Small businesses created all of the net new jobs from 1992 to 1996. Very small businesses (less than 20 employees) represented 80.5 percent of the small business growth. These numbers clearly reflect the importance of small businesses as job creators.

Number of Jobs Created by Major Industry and Employment Size of Firm, 1992-1996

Industry	1-4	5-19	20-99	100-499	500+	Totals
All Industries	377,202	104,117	(6,913)	123,364	(123,119)	474,651
Manufacturing	7,005	7,110	(20,406)	(5,351)	(110,238)	(121,880)
Retail Trade	68,150	15,492	6,158	13,057	(41,005)	61,853
Services	189,161	47,455	15,358	98,097	87,013	437,083
Other	112,885	34,059	(8,023)	17,563	(58,890)	97,595

Industries - The composition of small business in New York is very diverse. The Health Services industry is the largest small business employer in New York, followed by Eating & Drinking Places. The fastest growing industry for small business is Security & Commodity Brokers, Dealers, Exchanges, & Services (represents industries that were at least 0.25% of the 1994 total).

The following three tables provide further information about the composition of the small business sector in the state. The information is for 1994, the latest year available.

Table 1, Top Five Industries in New York by Employment, 1994

Industry	SIC	Employment Total	Percent of Total	Percent Small
Total - All Industries	--	6,664,228	100.0	52.4
Health Services	8000	912,225	13.7	34.7
Business Services	7300	458,630	6.9	53.0
Eating & Drinking Places	5800	360,936	5.4	72.1
Educational Services	8200	273,321	4.1	33.5
Wholesale Trade - Durable Goods	5000	232,617	3.5	74.7

Table 2, Top Five Small Business Industries in New York by Employment, 1994

Industry	SIC	Employment in firms with 0 - 499 employees	Percent of Total	Percent Small
Total - All Industries	--	3,492,851	100.0	52.4
Health Services	8000	316,929	13.7	34.7
Eating & Drinking Places	5800	260,176	5.4	72.1
Business Services	7300	243,085	6.9	53.0
Wholesale Trade - Durable Goods	5000	173,722	3.5	74.7
Wholesale Trade-Nondurable Goods	5100	158,094	3.4	69.8

Table 3, Fastest Growing Industries for Small Business in New York, 1993 - 1994

Industry	1993	1994	Amount Change	Percent Change
Total - All Industries	3,507,995	3,492,851	(15,144)	(0.4)
Security & Commodity Brokers, Dealers, Exchanges, & Services	37,721	40,400	2,679	7.1
Nondepository Credit Institutions	8,968	9,521	553	6.2
Local & Suburban Transit & Interurban Highway Passenger Transportation	36,846	38,948	2,102	5.7
Social Services	148,445	154,483	6,038	4.1
Miscellaneous Repair Services	18,977	19,699	722	3.8

Sources: Office of Advocacy, U.S. Small Business Administration from data provided by the Department of Commerce, Department of Labor, Administrative Office of the U.S. Courts, Federal Reserve Board, Dun & Bradstreet Corporation, National Foundation of Women Business Owners, and Cognetics Inc.